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INSIGHT FOR RENTAL HOUSING PROFESSIONALS

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National Rent Index Shows Largest April Jump Since 2017

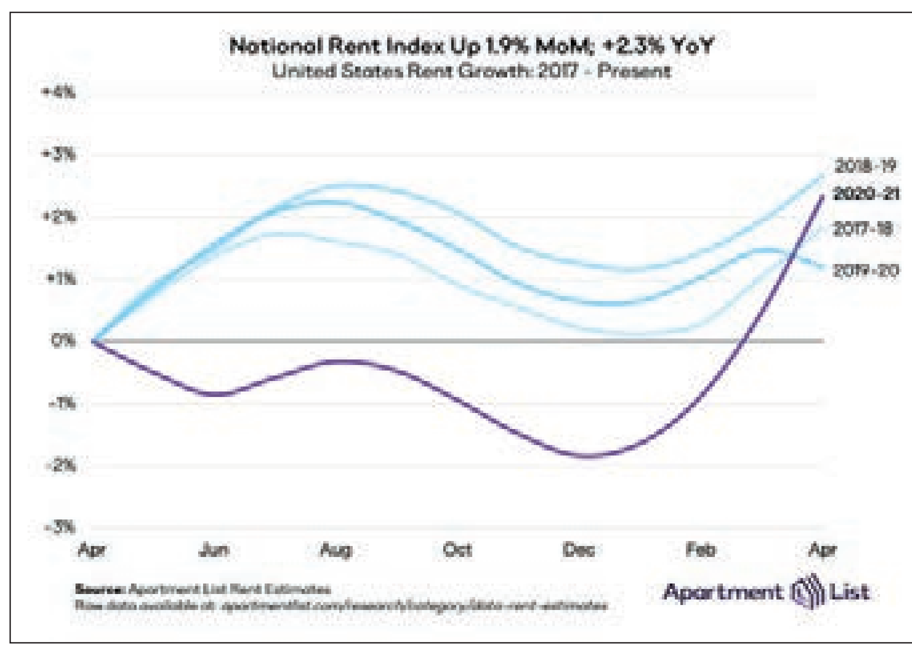
Rental Housing Journal

Rent prices are continuing to rebound with the national index up by 1.9 percent month-over-month in April, "the biggest monthly jump in our national index since the start of our estimates in 2017, breaking a record set just last month," said Rob Warnock, senior research associate with Apartment List.

Rent growth has now been outpacing prior-year averages for several months, "indicating that this year's moving season is set to be a historically busy one," Apartment List says in the report.

"For comparison, in the pre-pandemic years of 2018 and 2019, month-over-month rent growth in March was 0.8 percent and 0.7 percent, respectively. This month's sharp increase breaks a record set just last month, when rents jumped by 1.4 percent. In each of the past four months, our national index has not only had positive growth, but has outpaced the average growth of prior years.

"After the rapid growth of recent months, year-over-year rent growth now stands at 2.3 percent, in line with the rates from prior years," Apartment List says in the report.



Days of plummeting rents have come to an end

"The data continues to show significant regional variation, but the days of plummeting rents in pricey coastal markets have come to an end.

"The cities with the sharpest year-over-year rent declines are now experiencing positive rent growth again, and in some cases, prices are rapidly rebounding. At the other end of the spectrum, many of the mid-

See 'Rent' on Page 14

Choosing Best Floors for Rentals

By Lillian Connors

Choosing the best flooring for your rental property differs greatly from going with your personal preferences. It's very different from furnishing your own home.

Rental spaces take a lot more wear and tear. Many tenants don't take care of the flooring as the owner would. In addition, you've invested in your rental to make money, so the choice of the floor should follow the line.

In short, an ideal rental flooring needs to be affordable, durable, and low-maintenance. It also must be easy to install and aesthetically pleasing.

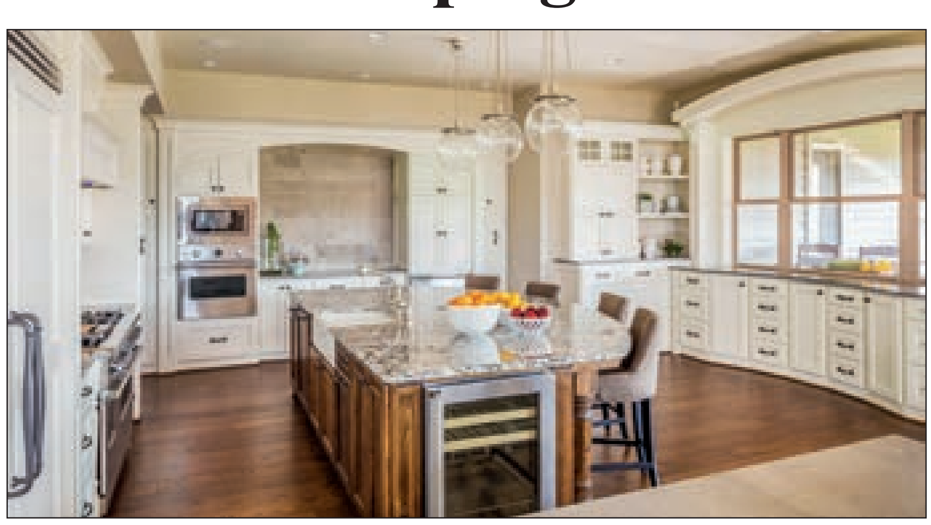
Let's review the options.

Affordability

The cost of a new floor depends on three factors: the cost of material, the cost of installation, and the cost of maintenance. As with every kind of product, there are high-end and low-end versions of each type. For the greatest part, the floors that lean toward the affordability end of the scale include tile, cork, wood tile, vinyl

See 'How to' on Page 6

5 Trends Shaping Sector After Pandemic



Rental Housing Journal

There are five trends witnessed during the pandemic that will continue to shape apartments for years to come, according to National Apartment Association (NAA) President and CEI Bob Pinnegar.

"The world continues to change as vaccines roll out. During the past year, businesses have adapted, consumers have altered purchasing habits and industries are adjusting to a new normal. The rental housing industry is no different, and apartments will continue evolving in response to the pandemic," Pinnegar said in a release.

See '5 Trends' on Page 10

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Sponsored Content

The Case Study of a 1031 DST Specialist

By Steve Haskell, Vice President at Kay Properties and Investments

There are various strategies when using DSTs (Delaware Statutory Trusts) in a 1031 exchange. Some investments are as easy as a simple exchange from one property into a single DST. Other times DST's are used to invest leftover equity from an exchange so the investor is not taxed on leftover funds, called "boot". Investors will routinely use DSTs as a backup ID in case their target replacement property doesn't work out. And occasionally, Kay Properties will assist an exchanger to utilize all said strategies in one sophisticated effort to mitigate risk and defer as much tax as possible. Read on for the experience of a highly skilled 1031 DST specialist.

A real estate investor sold an investment property for approximately $2M. Roughly 25% of his property was leveraged. Therefore, $1.5M was sitting in his qualified intermediary account. He then contacted Kay Properties to pursue a partial 1031 DST exchange. The exchanger wanted to purchase a property on his own, but something smaller and easier to manage than the property he recently sold. He wanted to put part of his exchange into a completely passive DST option that would require no management on his part. The DST part was relatively easy. However, he was having a hard time finding a replacement property to own outright, and the 45-day clock was ticking. Kay Properties created a multifaceted strategy that supported the investor from a variety of angles.

First, the exchanger used the debt built into the DST to replace his mortgage. The Kay Properties representative created a DST portfolio for the investor with a loan-to-value of approximately 50% to match the exact debt required to satisfy the 1031 exchange regulation. The debt was non-recourse, meaning the investor did not need to apply or sign for the loan, nor did it show up on his personal balance sheet. This freed him up to purchase a smaller property to own outright without taking out a mortgage, which increased his probability of closing.

Next, the exchanger used a DST as a backup ID in case the target property did not work out. The due diligence period on the replacement property extended past the 45-day period. If inspections exposed an issue that compromised the deal, the exchanger would be vulnerable to over hundreds of thousands of dollars in taxes. However, since the Kay Properties representative advised the client to use a DST as a backup ID, the exchangers risk of a failed exchange was significantly mitigated.

Finally, Kay Properties assisted the investor to ensure there was no leftover equity by using the DST to invest the leftover boot. After the exchanger and the seller agreed on a price, he realized there was approximately $50,300 of exchange funds left over. Kay Properties found a DST to invest that exact amount to finish up the exchange.

When one has the knowledge and the assistance of a skilled DST 1031 specialist, an investor can mitigate risk and protect themselves from a failed exchange in a variety of ways. Through the assistance and guidance of Kay Properties, the exchanger in this case split funds into both DSTs and his own property, replaced his debt with a non-recourse loan, protected his exchange with a backup ID, and took care of the leftover boot. These high level DST skills often are not available to investors who choose to work with unaware financial planners with little-to-no understanding of real estate, 1031 exchange strategies and DST investments. Fortunately, the client was working with Kay Properties. If you are interested in learning more on how to use a DST to mitigate risk and defer taxes in your 1031 exchange, contact Kay Properties by registering at www.kpi1031.com.

About Kay Properties and www.kpi1031.com

Kay Properties is a national Delaware Statutory Trust (DST) investment firm. The www.kpi1031.com platform provides access to the marketplace of DSTs from over 25 different sponsor companies, custom DSTs only available to Kay clients, independent advice on DST sponsor companies, full due diligence and vetting on each DST (typically 20-40 DSTs) and a DST secondary market. Kay Properties team members collectively have over 115 years of real estate experience, are licensed in all 50 states, and have participated in over $21 Billion of DST 1031 investments.

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NAA NATIONAL APARTMENT ASSOCIATION Education Institute

Apartment Jobs Snapshot

Q1 2021

Property-Management Jobs Most in Demand in Quarter 1

National Apartment Association Education Institute

Property-management professionals were the most sought-after jobs during the first quarter of 2021, according to the latest jobs report from the National Apartment Association.

The National Apartment Association Education Institute (NAAEI) report also said that maintenance openings had the largest growth in demand since 2020, with a year-over-year increase of 2.1 percent.

"Nearly 37 percent of available real estate jobs in the U.S were in the apartment sector during first quarter of 2021, well above the five-year average of 28.6 percent," the NAAEI said in the report.

"Multifamily talent was in high demand, likely due to increased leasing activity. According to RealPage, annual apartment absorption reached an outstanding 353,453 units during the first quarter of 2021.

"In gateway markets such as New York City, existing renters are signing new leases at historically high levels, although occupancy rates continue to weaken. This indicates that concessions and reduced rental rates are attracting existing renters instead of prospective renters," the report says.

Dallas, Los Angeles, Washington, D.C., Seattle, and New York City ranked highest in concentration of apartment-job availabilities.

Demand for student-housing property-management professionals was greatest in Austin, Tex., Columbus, Ohio., College Station, Tex., Tucson, Ariz., and Tallahassee, Fla.

According to Entrata, student-housing occupancy rates held steady through February at 89.1 percent, down just one percent since the same time last year.

Leasing consultants were the most sought-after position by employers. In February, the average number of new leads per unit reached 1.78, 48 percent higher than in January 2021 and 91 percent higher than February 2020.

NAAEI's mission is to provide broad-based education, training and recruitment programs that attract, nurture and retain high-quality professionals and develop tomorrow's apartment industry leaders.

Total Q1 Job Postings in Apartment Industry (% of Real Estate Sector)

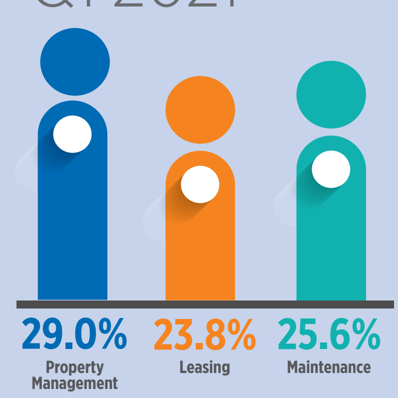
Q1 2021: 36.6%

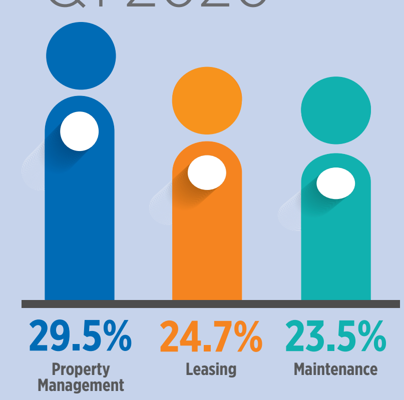
Q1 2020: 33.2%

2015-2020 Average: 28.6%

Summary: *Nearly 37.0% of available real estate jobs in the U.S were in the apartment sector during first quarter of 2021, well above the five-year average of 28.6%. Multifamily talent was in high demand likely due to increased leasing activity. According to RealPage, annual apartment absorption reached an outstanding 353,453 units during Q1 2021.*

Job Postings by Major Category (As a percent of all Apartment Jobs)





Summary: *Property management professionals were the most sought after during Q1 2021. Maintenance positions had the largest growth in demand year-over-year with an increase of 2.1 percentage points. Leasing job vacancies fell nearly 1.0 percentage point.*

Top MSAs* (As a percent of all U.S. Apartment Jobs)

Q1 2021		Q1 2020	
Dallas	5.5%	Dallas	6.0%
Los Angeles	4.5%	Los Angeles	4.9%
Washington, D.C.	3.3%	Washington, D.C.	4.4%
Seattle	3.3%	Seattle	3.4%
New York City	3.2%	Houston	3.2%

Summary: *Dallas, Los Angeles, Washington, D.C. and Seattle continued to rank highest for concentration of apartment job availabilities during Q1 2021. RealPage reports that Dallas and Seattle were among the leading markets for apartment demand during the first quarter. In Gateway markets such as New York City, existing renters are signing new leases at historically high levels, although occupancy rates continue to weaken. This indicates that concessions and reduced rental rates are attracting existing renters instead of prospective renters.*

March 2021 (% Apartment Jobs of Total Real Estate Jobs)

Kansas City	57.7%
Seattle	48.4%
Dallas	47.4%
Houston	45.5%
Virginia Beach	45.1%

Summary: *During March, Kansas City, Seattle, Dallas, Houston and Virginia Beach led the nation in available apartment positions as measured against the entire real estate sector. According to RealPage, Dallas (36,380 units), Houston (21,466 units) and Seattle (19,858 units) are among the nation's top markets for units under construction during 2021.*

Student Housing Job Postings** (% of all student job postings)

(12 months ending March 31, 2021)

Top Cities**

Austin, TX	2.9%
Columbus, OH	2.7%
College Station, TX	2.0%
Tucson, AZ	1.8%
Tallahassee, FL	1.7%

Top Student Housing Job Titles

Leasing Consultant	7.3%
Property Manager	6.0%
Maintenance Technician	5.6%
Maintenance Supervisor	4.5%
Leasing Manager	3.9%

Summary: *During the past 12 months ending March 31, 2021, demand for student housing management talent was highest in Austin, Columbus, College Station, Tucson and Tallahassee. According to Entrata, student housing occupancy rates held steady through February at 89.1%, down just 1% since the same time last year. Leasing consultants were the most sought-after position by employers. In February, the average number of new leads per unit reached 1.78, 48% higher than January 2021 and 91% higher than February 2020.*

Competing Sectors (Highest Location Quotients)***

Apartments		Retail Trade		Hospitality	
Austin	1.9	Worcester, MA	1.8	Hilton Head Island, SC	3.5
Dallas	1.8	Bremerton, WA	1.7	Naples, FL	2.8
Houston	1.8	Seattle	1.5	Miami	1.9
Seattle	1.7	Providence, RI	1.5	Orlando	1.8
Portland, OR	1.7	McAllen, TX	1.5	Charleston, SC	1.8

Common Skills (Percent of Jobs Requiring Skill)

	Apartments	Retail Trade	Hospitality
Specialized Skills			
Customer Service	29.9%	43.0%	24.3%
Sales	17.2%	38.5%	7.1%
Scheduling	16.8%	20.5%	17.8%
Baseline Skills			
Communication Skills	39.7%	41.9%	28.9%
Organizational Skills	29.9%	21.8%	19.2%
Detail-Oriented	21.9%	14.4%	14.9%
Teamwork/Collaboration	15.7%	18.2%	23.5%

* MSAs with 100 or more apartment job postings

** Cities with 75 or more job postings

*** Location quotients show how concentrated demand is within a particular geography. US-wide average demand equals 1.0; an LQ of 1.2, for example, indicates 20% higher demand than the US average (or 1.2 times the US concentration). Apartment location quotients for MSAs with 100 or more job postings, retail and hospitality location quotients for MSAs with 1,000 or more job postings.

Sources: NAA Research; Burning Glass Technologies; Entrata; Bureau of Labor Statistics; RealPage; Greystar student housing job postings as of April 13, 2021

How to Choose the Best Flooring for Your Rentals

Continued from Page 1

sheets, vinyl tile, laminate and linoleum.

Ease of maintenance

A floor that is easy to keep clean and good-looking is the one that doesn't need regular maintenance, such as waxing, oiling, or buffing. This is an important consideration for a rental property. There are tenants who completely forgo regular maintenance.

In addition, maintenance often requires that all furniture is removed from the room, which means the best time to do it is between tenants. This increases your workload at tenant turnovers.

As the ease of maintenance is concerned, the list goes like this: engineered hardwood, cork, vinyl sheets, vinyl tile, laminate and linoleum.

Aesthetics

Naturally, your primary goal is to rent your unit easily. So the aesthetic aspect of your floor needs to go hand in hand with the affordability and ease of maintenance. For a more cohesive, upscale look, it's always recommended to go with the same flooring throughout the unit, except the bathroom and the kitchen.

Bathrooms and kitchens require water-resistant flooring. In addition, having the same flooring in the entire apartment helps it look bigger and more up-to-date. On the aesthetics side, the winners are vinyl tile, laminate and linoleum. Let's look into each option separately.

No. 1: Vinyl flooring

For many landlords, vinyl is an absolute favorite, not only because it comes in tile, planks or sheets, but also due to the fact that it resembles raw materials. Also, vinyl floors are highly water-resistant, which makes them suitable for kitchens as well. Another bonus is the fact that it doesn't require prepared subflooring, which makes the installation easier.

If you decide to go with contemporary vinyl planks, you'll be surprised by the amazing range of natural looks of wood, stone and ceramics, now made possible with 3D printing techniques.

No. 2: Wood-laminate flooring

Another affordable option, wood laminate is easy and quick to install. Unlike vinyl, however, it's best that you apply a tough finish layer to protect the floor from fading, staining or premature wear from traffic.

As a cost-effective hardwood alternative, laminate floors are an ideal option for landlords on a budget who believe in the undisputable charm of wood floors.

No. 3: Linoleum

From its invention in the mid-1800s to the early 1950s, linoleum was among the most popular flooring materials in the world. This naturally sourced material has anti-static properties that prevent dust particles from sticking to its surface, while its anti-microbial properties make it a popular choice for kitchens and kids' rooms.

Although early forms used to be much more brittle, manufacturing processes (along with watertight installation) have made this durable material popular again. On the aesthetic side, its hues and patterns extend down through the wear layer, so there is no risk of fading or discoloring.

If one thing is true about Lillian Connors, her mind is utterly curious. That's why she can't resist the urge to embark on a myriad of green living/home improvement projects and spread the word about them. She cherishes the notion that sustainable housing and gardening will not only make us far less dependent on others regarding the dwellings we inhabit, but also contribute to our planet being a better place to live on. You can check her out on Twitter and LinkedIn.

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Legislative Session Wrap Up (Sine Die)

April 25th marked the final day (Sine Die) of the first ever fully virtual, 105-day long legislative session in Olympia.

The first year of the 67th Washington State Legislature came to an unceremonious close, much as it began. The capitol buildings and their few occupants remained closed to the public and lobbyists, protected by chain-link fences installed after the January violence at the U.S. Capitol. Those few members and staff permitted to enter the buildings remained masked while the vast majority of their colleagues joined virtual proceedings on Zoom from their homes across the state.

As expected, the COVID-19 pandemic affected the bills proposed this session - with legislators placing an emphasis on more funding and support for Washingtonians in need. The virtual session format also added a layer of challenges to hearings and committee meetings.

Prior to the start of the session, majority Democrats instructed their members to introduce no more than six bills and advised that bills would be more likely to be advanced if they had a clear path in the other chamber and fit into the following categories: address COVID-19 challenges, improve racial equity, advance economic recovery, address climate change, and increase revenue.

The guidelines, designed to focus the workload in a virtual universe, were successful. In the 2019/20 biennium, legislators introduced 2,408 bills (or roughly 1,204 per year) and ultimately passed 868 bills (or roughly 434 per year). This year, the first half of the 2021/22 biennium, legislators introduced 811 bills and passed 337.

The narrowed policy focus paid off, with majority Democrats passing historic priority measures on police reform, cap and trade, capital gains, a low carbon-fuel standard, and funding the long-unfunded working families tax credit.

As in the past many sessions, there was no shortage of proposed bills affecting housing. Most would have been to the detriment of housing providers and the renters we serve. Many of those bills died in committee or in their house of origin.

Since January, the WMFHA Government Affairs team has worked tirelessly on behalf of the rental housing industry to create the best path forward towards recovery and normalcy to ensure stability in rental housing.

We set out this legislative session with the following priorities:

- Create a gradual pathway out from the statewide eviction moratorium, towards recovery that returns full managerial operations to property owners and managers,
- Provide for rental assistance funding to overcome the financial burdens imposed on housing providers and residents by the COVID-19 pandemic,
- Prevent the burden of rent control from reordering the rental housing market and discouraging future investment in rental housing,
- Advance policies that create more housing development to address housing affordability.

Between January and the end of March, WMFHA's public affairs partner landed 19 stories in local media across the state offering the housing provider's perspective on policy matters. This averaged more than one placement a week in the media.

Efforts to Defeat Rent Control

The first rent control bill introduced this session, a "short-term" COVID recovery rent control bill, would have capped rents at three percent plus CPI, regardless of COVID impact.

WMFHA and our coalition at Partnership for Affordable Housing (www.partnershipforaffordablehousing.com) worked hard to educate lawmakers on the detrimental effects rent control would have on the housing market and renters in general.

Fortunately, through our efforts to educate lawmakers, this bill lacked broad support and did not receive a vote in its committee of origin and died early in the session.

Secondly, a bill that would implement rent control whenever there is a state of emergency made its way to the last day of the session. We worked hard to carve out rental housing from this law, and succeeded in doing so, but there were efforts to remove such a carve-out and allow a cap on rental housing.

SB5191, billed as an anti-price gouging law, would have applied substantial penalties whenever the rent increased by more than 15 percent during a state of emergency. The State of Washington implements states of emergency all the time for issues that do not pose a direct economic

See 'Legislative' on Page 11

Property Managers, Take Note: Happy Pet Owners Mean Happy Long-Term Residents

By KC Theisen

A few weeks ago, a graduate student at the University of Maryland interviewed me about the connection between pets and people. I often get to talk about the logistics of keeping pets and families together, as in the administrative aspects and guidelines for property managers. But since our chat, I've been thinking about our bond with animals and wanted to focus on one of the simplest facts about pets: They make us happy. Property managers, take note. When you have happy residents, you have long-term residents.

Look at the health statistics that spring from pet ownership. Pet owners report experiencing less depression and loneliness, and being more active, reducing heart disease. Spending time with a pet lowers blood pressure and heart rate, and having a companion animal to care for is the reason many seniors get out of bed in the morning despite aches and pains.

Pets make us more social. It's clear from looking out a window that dog people are out and about, frequently stopping to chat with others about their furry family members. Visits to a pet-supply store, the veterinarian, and the park provide opportunities to meet new people. In rentals, the shared spaces become public meeting houses for dog owners, even while social distancing.

Cat owners are more social, too. They also go to pet-supply stores, grocers, and vet clinics, interact with other cat people. Creating a network of in-house cat sitters provides cat owners an amenity that makes them feel included in the building's pet community. Especially for people with physical limitations or mobility issues, cats are a pathway to getting up and about indoors and to receiving affection. Hearing a purring cat makes it almost impossible for a human to cry.

How is your bottom line affected by physically healthy and socially adjusted residents? Happy people stay put. Happy people like living in a place where they feel welcomed and where they find comfort in being, especially when we are spending so much time at home these days. Happy people also invest in their happiness, and if they like living in your property, will tolerate moderate fees or rent increases to hold on to their happy place.

If you manage a property wracked by COVID-19 fatigue, how can you help alleviate your residents' isolation and sense of loneliness while keeping the CDC guidelines in place? Welcome pets. Four-legged friends are a key reason people choose a rental, and better pet policies bring potential residents in droves.

Opening Doors has strategies to share so you can control which pets are welcome, and set standards of great care that translate to happier community residents, pet-owning or not. Make your property their happy place.

KC Theisen is the animal-management and pet-policy advisor for Opening Doors. She creates policies and programs for properties that enhance revenue potential while controlling potential conflicts and problems. KC has more than 25 years of experience working with animals and people. She obtained her undergraduate degree in Zoology from the University of Wisconsin. She was the Humane Society of the United States' director of pet-care issues for many years. KC received her master's degree in professional writing in 2007 and uses these skills to draft user-friendly policies and explanations for Opening Doors clients, bringing legal jargon into clear, concise rules and practices.


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5 Trends Shaping Rental Housing After Pandemic

Continued from Page 1

Here is what Pinnegar said about the five trends he sees, in a recent *Washington Post* column.

No. 1: A new outlook on amenities

"There has been a shift in the amenity world—shareable areas to individual spaces. Shared spaces such as fitness centers and pools are still important, but communities have shifted their focus to in-home amenities like larger kitchens and high-speed Wi-Fi."

No. 2: Virtual tours & decision making

"For obvious reasons, there's now a larger number of prospective residents virtually searching for new homes."

While it was previously only part of the process of selecting a new community, virtual touring has been a catalyst to "invest in new technology, high-quality videos and specialized training to give prospects a more complete picture of the community."

No. 3: Changing relationship between property managers and residents

"Communication between community managers and residents is vital, and could impact resident retention and even new apartment searches."

Interactions between the two parties has "significantly increased" compared to pre-pandemic relationships.

No. 4: New perspective on location

"Remote work has caused residents to re-think where and how they live."

Residents who don't need to be close to the office can now search for other options—a two-bedroom in the suburbs vs. a one-bedroom in the city—to accommodate the work-from-home lifestyle.

No. 5: A new generation. new values

"The younger generations—millennials and Generation Z—favor renting, which leads to higher demand for apartments, more competition and new development.

"One of the greatest hallmarks of the apartment industry is its propensity for choice, flexibility and adaptability," Pinnegar says.

"This means that the current demand for apartments is only going to increase, creating steeper competition, prompting innovations and spurring new development."

Pinnegar writes in his column that, "One of the greatest hallmarks of the apartment industry is its propensity for choice, flexibility and adaptability. As we witness a seismic shift in our society and economy, the apartment industry is racing to identify and respond to its residents' changing lifestyles.

"For residents, it's a critical time to communicate your needs to your property manager or leasing agent. In this way, housing providers and residents can come together to shape and influence the apartment market of the future," Pinnegar says.

Washington Multi Family Housing Association

Legislative Session Wrap Up (Sine Die)

Continued from Page 7

threat to stability, and this law would have been applied to each and every state of emergency, sometimes extending for years.

Capital Gains Tax

Despite the Washington Constitution preventing a tax on income, the legislature passed a "high-earners" capital gains tax. WMFHA worked with many industry partners to preserve an exemption for real estate and the final language exempts "all real estate transferred by deed, real estate contract, judgment, or other lawful instruments that transfer title to real property and are filed as a public record with the counties where real property is located."

The new seven percent tax is imposed on individuals who sell or exchange long-term (>1 year) capital assets exceeding $250,000.

Rental Assistance

WMFHA advocated to secure an enormous amount of rental assistance to support the rental housing industry and its residents who need help with their rent payments, including:

- $140 million in state CARES Act General Relief Funds
- $920 million in federal rental assistance in Washington
- $658 million in APRA General Relief Funds for additional rental assistance
- $58 million in operations and maintenance assistance for permanently supportive housing
- $11.6 million in additional investment towards the Landlord Mitigation Fund
- $220.4 million in permanent rental assistance to assist those experiencing homelessness and those at risk of becoming homeless.

For small independent housing providers, WMFHA secured opportunities to engage in the already-successful foreclosure prevention programs that exists for primary-residence homeowners.

COVID-19 Relief Bill

SB5160 provides the off-ramp from the eviction moratorium and towards recovery, and passed after many changes and proposed amendments on all sides.

For rent accrued between March 1, 2020, and six months following expiration of the governor's eviction moratorium, a landlord may not report to a prospective landlord a tenant's nonpayment of such rent or an unlawful detainer action resulting from nonpayment of such rent; and a prospective landlord may not take an adverse action based on a prospective tenant's nonpayment of such rent.

SB5160 also provides a right to counsel in eviction proceedings, with a court-appointed attorney available for "indigent" tenants. The bill provides attorneys to tenants facing eviction provided they receive certain public assistance, have been involuntarily committed to a public mental health facility, can't afford a lawyer, or who have incomes at 125 percent or below the federal poverty level.

The bill also provides for an eviction resolution pilot program utilizing a local dispute resolution center for this purpose.

Other Housing Bills

HB1236 will implement just-cause eviction requirements. Periodic leases and month-to-month leases require cause to terminate the tenancy except where the initial term of the lease is between six and twelve months.

HB1277: This bill provides an additional revenue source for eviction prevention and housing stability services. It establishes a $100 surcharge on recorded documents to fund various housing services and create the Eviction Prevention Rental Assistance Program in the Department of Commerce.

Finally, the popular multifamily tax exemption (MFTE) program was expanded and extended, but not without a fierce battle over language and benefits.

SB5287 states that until December 31, 2026, a city not otherwise eligible to offer the Multifamily Tax Exemption (MFTE) program may offer the 12-year MFTE to qualifying properties in areas zoned for average density of 15 dwelling units per acre, or for cities with a population over 20,000, a minimum density equivalent of 25 dwelling units or more per acre. In addition, counties with an unincorporated population over 170,000 are eligible to designate an RTA for purposes of the MFTE program.

Time to Work Together

There is an intent to reconvene a special session of the legislature later this year to address a new-revenue transportation package. The governor's climate change package, including a cap-and-trade and a low-carbon fuel standard, cannot be implemented until an additive transportation package is passed by the legislature. The timing of the special session has been from next week to next month, or possibly sometime in September.

We're grateful to those lawmakers who worked collaboratively with WMFHA to reach resolutions on many issues during the legislative session and find a path forward to return to normality. These negotiations were not always easy, and we had to make decisions to obtain the best result for the industry as a whole, given the make-up of the state legislature.

We appreciate all of our members who participated in calls-to-action and provided testimony to the legislature this session in support of policies that provide real relief to both housing providers and residents. It is your voice that fuels our ability to obtain results on your behalf.

This is a time to shore up the rental housing industry, not tear it down. This is the time to work together to ensure housing remains vibrant, stable, affordable, and serves residents of our state. Only with a strong voice will we be able to counter the harmful policies that proliferate at the state and local levels. Now is the time to build for our future, together.

WMFHA supports the rental housing industry by providing quality educational opportunities, coordinating networking events for personal growth, and by advocating for legislation equitable to our industry and the broader community. To learn more about membership in this passionate organization, simply call us at 425.656.9077 or visit our website at www.wmfha.org. Follow us on Facebook and our other social channels for up to date information on association activities.

Will You Be Ready When the Moratorium Ends?

By David Pickron

Recently I was at a birthday party where young children were participating in some old-fashioned games. One that struck me particularly was musical chairs.

As an adult, I now realize the anxiety that was generated by that game; will I get a seat or will I be the last one standing?

As each round progressed and more players and chairs were removed, I could see that unique mixture of fear and fun fill the faces of these children as they competed to be the last person with a chair to call home.

Over the past year in meeting with landlords across the country, I have come to know that look all too well as we have tried to navigate the eviction moratoriums that have affected our industry. You may have even seen that face in your mirror this morning.

As March 2021 ended, once again the eviction moratorium was continued to June 30. For most of us, I don't think this came as any great surprise. Even though the legislature approved rental relief for affected landlords, there just wasn't enough time to get that money out to landlords (these are the same people who were able to get PPP business loans out and funded within weeks).

I predict that this will be the last extension and I'm already prepared for many of you to let me have it if I am wrong. I hope and pray I am right. Let's assume that I am right, and that the eviction moratorium completes its run at the end of June. The rental-housing market will immediately be thrust into an unforgiving version of adult musical chairs.

Whether you have been paid every month, getting partial payments here and there, or have had absolutely have no communication with your tenant, there are things you should plan for now to protect your investments. I believe it is easiest to break down the grouping of landlords into three buckets as follows.

Bucket 1: Retain

You are in bucket 1 if you have received all your rent and the pandemic did not hurt you personally. Congratulations, many of us are jealous. Your tenants weathered the storm and made you a priority. I would caution you to not take them for granted.

A lot of things can change over the course of a year (new job, new child, new pet) and those changes may prompt a move by this valuable tenant. These tenants know their value and will have the power to move wherever they want because their credit and residential history is perfect. Whether looking for a bigger home or a shorter commute, when this game of musical chairs starts, they may be tempted to vacate your property. These are "dream" renters, and you cannot afford to let them go.

I suggest a couple of ideas to help them recommit and sign a new lease with you:

1. Give them a discount in rent this year. $100 a month is cheaper than a turn. Do you really want to play "renter roulette" with an up-and-coming rental pool filled with bucket-3 type applicants?
2. Offer to upgrade your home. I am putting new flooring in one of my homes. It's a win-win, as my property value will increase and the tenants will love it. Consider new countertops, appliances, or landscaping as an incentive for them to stay.
3. Giving them a monthly gift card or buying them an annual pass to the local zoo or theme park might be a better option depending on the renter.

By helping this group, you only help yourself. They helped keep you afloat for a year…it's time to say thank you!

Bucket 2: Manage

If you have been working with your tenants and have gotten partial payments here and there, then you are in bucket 2, the "manage" bucket. I don't need to tell you, but you have been working hard, performing a high level of management just trying to get paid. The only reason you are managing like this is because the government forced you into it.

If this moratorium ends in June, I suggest these as your next steps:

1. Sit down (face-to-face if possible) with your tenants and lay out your future expectations.
2. Let them know that the behaviors they have shown in the last year will not be acceptable in the future.
3. Contact your local government to see if there is any stimulus money to offset past-due rent.
4. Negotiate any past-due rent and then renew the lease with a new mindset. Get creative and say you will waive the past due if they sign a new lease with a small increase in rent. This will allow you to recoup your past-due rent over time and take the burden off your tenant.

Bucket 3: Replace

If your tenant ignores you, won't take your calls and refuses to pay rent because of a COVID-related reason, you, my friend, are drowning in bucket 3. We feel for you, as covering someone's rent when they are not cooperating or communicating is not fun or easy. Cutting the cord and cutting it quickly may be your best decision.

If you are in bucket 3, please consider these suggestions:

1. If you fail to receive any rental-assistance money, you should contact an attorney immediately. Some states have lengthy eviction processes and by starting the process today, you might be in a better situation come the end of June. Establishing and maintaining that relationship with legal counsel is well worth the money.
2. You could offer the tenant money to move if your property is given back to you in great shape. Once they are out and the property is inspected and meets your standards, you can send them their money.

As the world prepares to get back to normal, let's make a commitment and not just return to our normal way of managing. This pandemic has afforded us the perfect opportunity to review and update our processes, policies, criteria, applications, and onboarding process. The key to your success in this world is finding and retaining the right tenants. In a time where It will only be harder and harder to find the right tenants, it is paramount to be ready to hold on to or grab the best of the best when the music finally stops.

David Pickron is president of Rent Perfect, a private investigator, and fellow landlord who manages several short- and long-term rentals. Subscribe to his weekly Rent Perfect podcast (available on YouTube, Spotify, and Apple Podcasts) to stay up to date on the latest industry news and for expert tips on how to manage your properties.

Declining Multifamily Occupancy Seen as Urban Phenomenon

Rental Housing Journal

Multifamily performance has rebounded quickly from the pandemic slowdown, with the exception of occupancy declines in properties in urban gateway metro submarkets, Yardi Matrix says in a recent report.

"According to a study of 78,000 properties in Yardi Matrix's database, large occupancy declines in the last year have been concentrated in a handful of cities that may take years to recover," the report says.

However, the multifamily industry overall "is surviving COVID-19 without too much disruption," the report says.

"Nationally, rent and occupancy levels fell only slightly in 2020 before turning positive again in the first quarter of 2021, while acquisition yields barely budged."

However, problems in the struggling urban submarkets show "problems that must be addressed in the wake of the pandemic."

Some key points in the report:

- Roughly one out of every 14 multifamily properties in the United States has seen occupancy rates drop by five percent or more over the last 12 months.
- However, the loss is concentrated in urban assets in gateway metros, which limits the potential for distress. The study shows a large split in market performance and recovery period. Some markets are back to pre-pandemic performance levels already, while it could take five years or more for rents to recover in the most affected urban submarkets.

"While the data demonstrates the troubles some segments of the market face, the industry can take solace in the finding that the poor performance in demand and occupancy is limited.

"The results show that the amount of distress anticipated by some is likely to remain limited, and whatever does occur will almost certainly be concentrated in high-cost gateway centers that will have a much bigger hill to climb to get back to pre-pandemic revenue levels when normality returns," Yardi Matrix says in the report.

"We forecast that it will take at least five years to return to first-quarter 2020 occupancy levels in gateway cities such as New York, San Francisco (and San Jose), Los Angeles and Chicago, and in secondary metros such as Orlando, Miami and the Twin Cities," the report says.

"The upshot is that the pandemic has created a list of challenges and changes that the industry will wrestle with for some time.

"Our review of property-level performance indicates that potential distress might not be as widespread as first imagined, and that it might be an urban phenomenon."

Seattle Rents Climb Again Last Month

Apartment List

Seattle rents have increased 3.5 percent over the past month, marking the third straight month the city has seen rent increases, according to the April report from Apartment List.

Median rents in Seattle are $1,461 for a one-bedroom apartment and $1,822 for a two-bedroom.

While rents have been increasing the past few months, they are still down -14.6 percent year-over-year. Seattle's year-over-year rent growth lags the state average of -4.2 percent, as well as the national average of 2.3 percent.

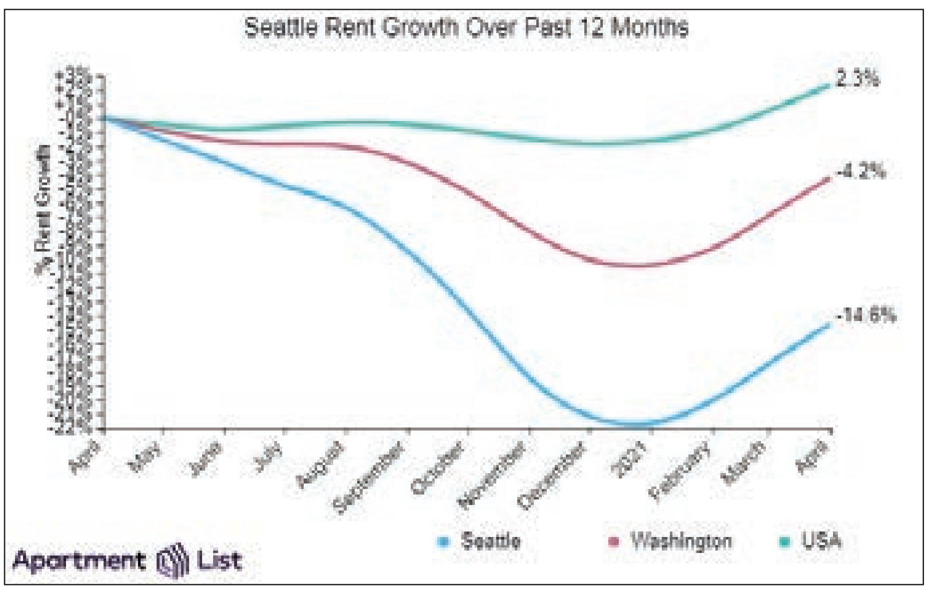
Rents across the metro

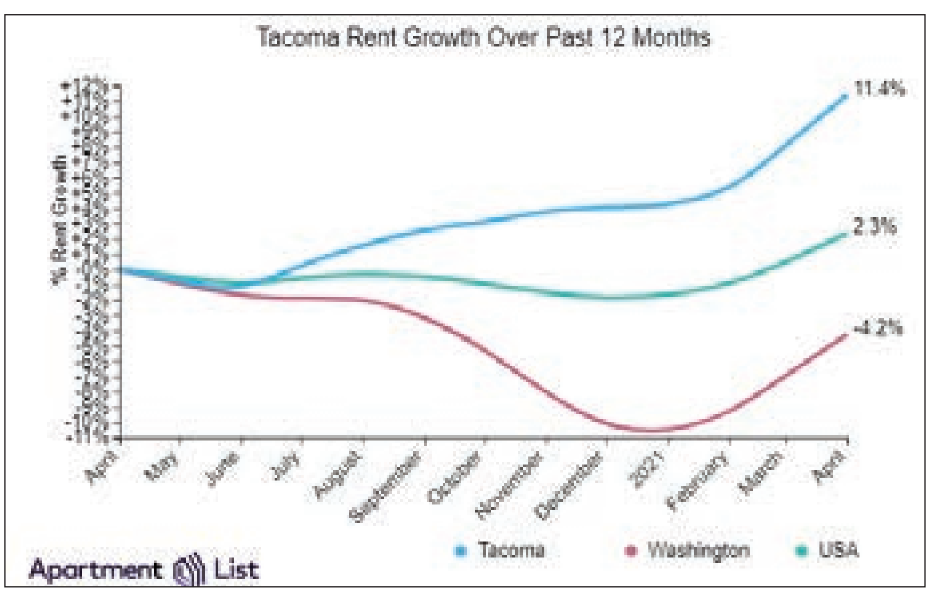
Of the largest 10 cities in the Seattle metro for which Apartment List has data, six ahave seen prices drop.

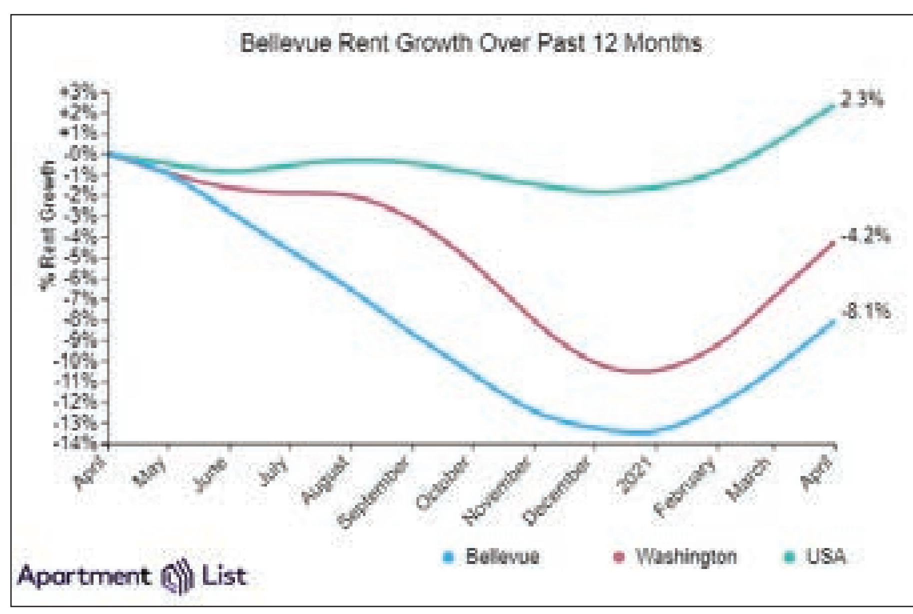
Here's a look at how rents compare across some of the largest cities in the metro.

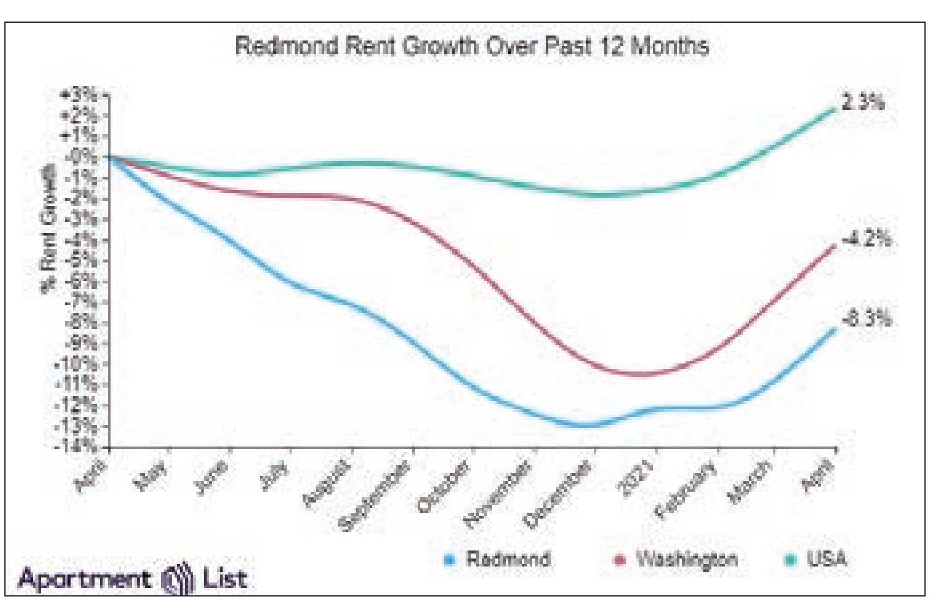
- Seattle proper has seen the biggest rent drop in the metro.
- Tacoma has seen the fastest rent growth in the metro, with a year-over-year increase of 11.4 percent. The median two-bedroom there costs $1,526, while one-bedrooms go for $1,163.
- Lynnwood has the least expensive rents in the Seattle metro, with a two-bedroom median of $1,510; rents grew 1.7 percent over the past month but decreased 0.2 percent over the past year.
- Redmond has the most expensive rents of the largest cities in the Seattle metro, with a two-bedroom median of $2,205; rents grew 2.9 percent over the past month but fell 8.3 percent over the past year.
- Bellevue rents increased again for the third straight month and were up 2.6 percent in April. Still, rents are down 8.1 percent in comparison to the same time last year.

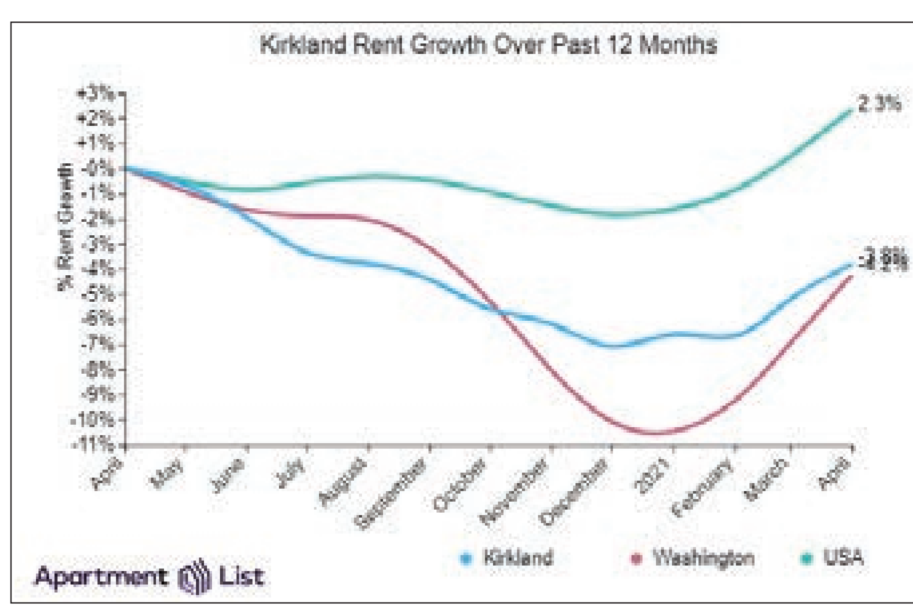
Apartment List estimates the median contract rent across new leases signed in a given market and month, using data from the Census Bureau's American Community Survey. Growth rates are calculated using a same-unit analysis similar to Case-Shiller's approach, comparing only units for which they observe transactions in multiple time periods to provide an accurate picture of rent growth that controls for compositional changes in the available inventory.











Rent Index Shows Prices Are on the Rebound

Continued from Page 1

sized markets that have seen rents grow quickly through the pandemic are continuing to boom," Warnock says in the report.

In markets like San Francisc,o where rents had been falling fastest, prices have turned a corner and are now rebounding.

At the same time, booming markets like Boise continue to see prices climb. More broadly, as vaccine distribution continues to gain momentum, we may be starting to experience the release of pent-up demand from renters who had been delaying moves due to the pandemic.

Whereas last year's peak moving season was halted by the pandemic, this year's seasonal spike appears to be making up for lost time.

"We are now seeing that the markets where rents had been falling sharply have turned a corner, and in some cases, prices in these cities have started to rebound rapidly. But although some may be moving back to superstar cities, affordable mid-sized markets are continuing to boom.

As vaccine distribution continues to gain momentum, rental markets may be beginning to reflect the preferences of a post-COVID future," Apartment List says in the report.

10 Things to Check in DIY Rental-Property Inspection

By Phil Schaller

Conducting an informational inspection/walkthrough of your rental property is important periodically; we recommend at least once a year. It allows you to understand how your tenants are treating the property, troubleshoot for larger issues, plan some preventative maintenance, and build trust with your tenants.

While there are hundreds of items you could inspect in a walkthrough, we're going to focus on the low-hanging fruit and most important boxes to check.

Before we get into the list, here's a few pointers:

- Schedule this walkthrough far in advance with your tenants; they'll keep it on the radar and (hopefully) focus on keeping the property in good shape. Washington State requires at least 48 hours written notice before anyone enters the dwelling.
- Communicate to your tenants why you're conducting this walkthrough. You want to know what's going on with the property but you also want to make sure you're providing a hospitable environment for your tenants.
- We recommend conducting these walkthroughs with a general contractor or maintenance pro (RentalRiff can help) as an unbiased third party and someone who can easily diagnose/fix certain issues.

Without further ado, here we go:

1. Replace furnace filters

This is an easy one. You'll need a filter on hand, but it's easy and not expensive. Replacing a broken furnace, on the other hand, is very expensive.

2. Replace smoke and carbon-monoxide alarm batteries

Another easy one - aside from the liability you'll have on your hands if these alarms don't work during an emergency. Let's keep everyone safe!

3. Clean out dryer vents

While cleaning out a dryer vent may require slightly more elbow grease than changing batteries, it's another important safety precaution. Vacuum cleaners with a hose or dryer-vent kits work well. This can be a severe fire hazard.

4. Switch the GFIs

We can't tell you how many calls we get for electrical work that can be solved with the push of a button. Get ahead of these issues by switching the GFI for your tenants.

5. Run water and check for leaks under the sinks

An easy way to do this is to turn on the water and throw a baking pan under the plumbing to see if any liquid is captured.

6. Turn on all appliances

Turn on all appliances for a quick check and listen for anything unusual. That weird sound your dishwasher is making may indicate a new one is in your future.

7. Run the garbage disposal

The No. 1 maintenance request landlords receive is for garbage disposals. We recommend giving them a tighten with an Allen wrench and/or a reset. Olive pits love giving landlords a headache.

8. Test the heating and AC

You're required as a landlord to provide a humane environment for your tenants – this means a livable temperature. We like to turn the AC on full blast to check, then switch to heat. It's easy to inspect other items while checking these systems.

9. Inspect crawl spaces and attics

Pests love these areas. Look for poop, termite damage and small entryways – no one likes living with rats.

10. Check ceilings, walls, floors, doors and windows

OK, so we crammed a few into No. 10 here, but any sign of water damage (dark/wet spots, cracks in drywall, mold) is a big red flag and requires an immediate solution.

Many of our customers will schedule several walkthroughs throughout the year (based on the tenants and condition of the property).

If you have any questions on how to conduct these informal walkthroughs yourself, we're happy to chat or provide some more insight.

Phil Schaller is an experienced landlord and the founder/CEO of RentalRiff, an alternative service to traditional property management. RentalRiff's licensed and insured property specialists provide oversight and upkeep of rental properties, while serving as the main point of contact for tenants. Maintenance and repair costs are included. Phil is a Pacific Northwest native, father of two, and fly-fishing addict. Contact him at www.rentalriff.com/contact-us.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